Ministry of
Competition, Science
and Enterprise

2001/02
Annual Report
A New Era Update

**Ministry of
Competition, Science
and Enterprise**

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Introductory Note — A Year of Transition

The Government of British Columbia and its ministries are committed to reporting on performance. The *Budget Transparency and Accountability Act* (BTAA), as amended in August 2001, provides the legislative framework for a regular cycle of planning, reporting and accountability. Under the BTAA, ministries are responsible for producing three-year service plans (previously called performance plans), which are updated yearly, and annual service plan reports (formerly called performance reports). The amended BTAA takes effect beginning with the 2002/03 fiscal year. The first three-year service plans, covering the period 2002/03 to 2004/05, were released with the provincial budget on February 19, 2002.

This annual report relates to the previous fiscal year, covering April 1, 2001, to March 31, 2002. This was a transition year, with a new government sworn into office on June 5, 2001. On that day, there was an extensive reorganization of ministries, which were given significant new policy direction and tasked with the responsibility for implementing the government's *New Era* commitments. Later in the year, ministries proceeded through the core services review, which refined the mandates of ministries and identified the strategic shifts required to move government toward its long-term objectives.

This report provides an update on all that activity and also provides a report on performance, approaching the model provided by the BTAA as closely as is possible in the circumstances. An annual report would normally relate back to a preceding plan and report on the results achieved compared with the intentions outlined in that plan. In this case, the preceding plan was produced before the adoption of the significant changes outlined above, and as noted, this ministry has been significantly reorganized, and policies and priorities have changed. This limits the extent to which performance information as described in the previous plan is useful.

Consequently, this report sets out the ministry's redefined role and the services it provides, and — within the context of its goals and objectives as they evolved through the year — describes the achievements of the ministry and the performance targets being used to measure success.

Accountability Statement

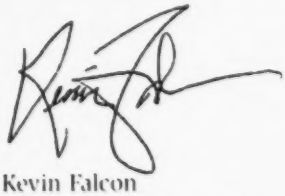
The 2001/02 Ministry of Competition, Science and Enterprise Annual Report was prepared under my direction and I am accountable for the results of the Ministry since June 5, 2001. This report describes progress made in this first year on the government's *New Era* commitments, which are to be addressed by May 17, 2005.

Rick Thorpe
Minister of Competition, Science and Enterprise

June 10, 2002

Minister of State Accountability Statement

The 2001/02 Ministry of Competition, Science and Enterprise Annual Report was prepared under my direction and I am accountable for the results the Ministry achieved on the deregulation initiative since June 5, 2001.



Kevin Falcon
Minister of State for Deregulation

June 10, 2002

BRITISH COLUMBIA

Ministry of Competition, Science and Enterprise

On June 5, 2001, a new government took office in British Columbia. The Ministry of Competition, Science and Enterprise was created to implement key elements of the government's *New Era* commitments, aimed at revitalizing the economy and the business environment in British Columbia. We have made significant progress in this task.

In 2001/02, the ministry focused on ending business subsidies and deregulating, ensuring British Columbia was open for business, and acting as an advocate for business inside and outside of government. The new ministry has four Core Business Areas: removing barriers to business; providing economic policy and strategic advice; marketing and investment; and encouraging innovation and the development and transfer of new knowledge.

In 2001/02 the Ministry of Competition, Science and Enterprise began eliminating business subsidies, and reviewing fees and licences. These two projects will be complete early in 2002/03.

The Ministry fulfilled a commitment of the Premier by bringing the province into compliance with the Agreement on Internal Trade on March 31, 2002. We have taken steps to fulfil another commitment of the Premier by introducing competition and choice for investors in labour sponsored venture capital funds.

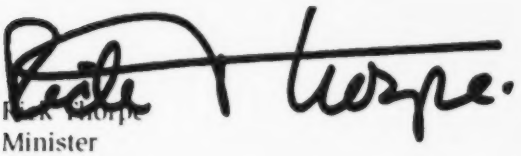
The Northern Development Commission was eliminated after a review found that it was not the most effective vehicle to address issues of importance to the North. The government's northern caucus is the most effective vehicle and was asked to aggressively pursue a northern agenda and to ensure issues and priorities of the North receive the full attention they need and deserve. In addition, the Job Protection Commission has been wound down, with no new clients after February 2002. Also in April 2002, the Ministry successfully concluded the sale of Skeena Cellulose Inc. to NWBC Timber and Pulp Ltd., completing a promised transfer back to the private sector.

We have continued work on the planned expansion of the Vancouver Convention and Exhibition Centre. We also provided secretariat support for the new Premier's Technology Council during its formation and its work on bridging the digital divide.

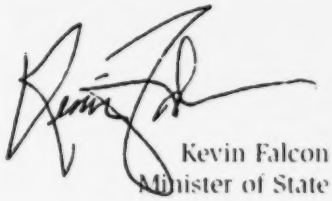
Through the Minister of State for Deregulation's office, we have taken significant steps towards reducing regulatory burden by establishing a baseline count for government and ensuring all ministries have a three-year service plan to cut regulatory requirements by one-third. Two deregulation statutes were introduced in the spring 2002 legislative session.

We are pleased with the steps the Ministry has taken this year, and plan to improve on this progress in the coming years.

We are pleased to present the details of our activities in this annual report for the fiscal year 2001/02.



Minister



Kevin Falcon
Minister of State

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Year-at-a-Glance Highlights

Performance plans for provincial government ministries and agencies for 2001-2004 were produced in April 2001. The new Ministry of Competition, Science and Enterprise was created on June 5, 2001. The Ministry includes most of the former Ministry of Employment and Investment (except for electricity policy functions, which were moved to the Ministry of Energy and Mines). Organizational units responsible for science and technology, small business, tourism and film were brought into the new Ministry.

Following the creation of the Ministry, an intense, focused period of review was undertaken to consider the policy and operational roles of the organization, critically review the role, if any, for government involvement in these existing functions and the need for government attention to any new functions. The results were presented to the government's core review and deregulation task force. The strategic shifts approved by the task force are set out on page 4 of this report.

In implementing our strategic shifts and meeting budget targets set by the government, the Ministry undertook a significant reorganization. As noted in our report on resources, full time equivalent (FTE) staff were 305 in the newly formed Ministry at June 5, 2001. By the end of 2001/02, this number had been reduced to 253 FTEs.

Throughout the core review and budget processes, the Ministry focused on meeting the government commitments set out in the *New Era* document. Several critical priorities, such as eliminating government subsidies, were initiated and essentially completed before the end of 2001/02. A complete report on the Ministry's *New Era* commitments begins on page 6 of this report.

Ministry Role and Services

Strategic Shifts

The core review process led the new Ministry of Competition, Science and Enterprise to some fundamental strategic shifts:

— From an emphasis on socially focused economic policy to an emphasis on business-focused economic policy;

— From programs distributing financial assistance and subsidies to a process of ending subsidies and reducing regulation across government;

— From a government role as financier, builder and promoter, to a role marketing British Columbia as 'open for business'; and

— From a role as government's voice to business to a role as a voice for entrepreneurs and business to government.

Following the creation of the Ministry of Competition, Science and Enterprise in June 2001, the new Ministry defined its goals, mission and values:

The new Ministry of Competition, Science and Enterprise is focused on activities that directly support the government's first strategic goal of 'a strong and vibrant provincial economy.' In supporting that goal, the Ministry also directly and indirectly supports the government's other goals of 'building a supportive social infrastructure' and 'safe, healthy communities and a sustainable environment.'

The Ministry endorses and implements the government's management theme and works in an innovative, results-oriented and accountable way.

The Ministry's mission is focused on three areas:

COMPETITION

Ensure British Columbia has the most attractive investment and business climate in North America.

SCIENCE

Encourage a culture of innovation and the development and transfer of new knowledge benefiting individuals, businesses and communities.

ENTERPRISE

Promote economic growth by aggressively pursuing increased marketing of British Columbia that results in the growth of investment and trade.

The Ministry of Competition, Science and Enterprise is focused on establishing and expanding partnerships with entrepreneurs, businesses and organizations throughout British Columbia in order to build a strong private-sector-driven economy; fostering an innovation culture for science and technology; and developing national and international investment and trade relationships.

We are advocates within government for entrepreneurs and business, and marketers of our competitive economic climate to national and international investors in the global marketplace.

Our Ministry believes in customer service and we will be a results-driven organization that measures performance at both the individual and global level.

THE MINISTRY HAS FOUR CORE BUSINESS AREAS

— Removing barriers to business;

— Providing economic policy and strategic advice;

— Marketing and investment; and

— Encouraging innovation and the development and transfer of new knowledge.

The goals, objectives and strategies related to these core business areas will be reviewed in the Performance Reporting section of this report.

Update on *New Era* Commitments

New Era Commitments

Government Priority	Ministry Response/Comments
Within 90 days initiate commitment to eliminate government subsidies to businesses that give companies an unfair advantage over their competitors.	Initial commitment completed. Elimination of subsidies will be complete in July 2002, followed by ongoing monitoring and providing advice to ministries during policy development.
Within 90 days initiate a commitment to establish a new Premier's Council on Technology.	Commitment completed. Ministry is supporting the Premier's Office in this initiative. The Council was established in August 2001 and issued its first quarterly report on November 22, 2001. Its second quarterly report is due on April 2, 2002.
Cut 'red tape' and regulatory burden by one-third within three years.	Commitment ongoing. The deregulation framework is being implemented across government. As of the end of March 2002: • A baseline count of almost 404,000 regulatory requirements was determined after a governmentwide count was undertaken. • A total of 3,935 regulatory requirements were cut, for a net reduction of 2,531. • Ministries have submitted Three-Year Deregulation Plans for the review of existing regulation. • The Regulatory Reform Policy is being applied to all proposed legislation and regulations.
Stimulate tourism with a plan to improve operators' ability to successfully compete for visitors from around the world.	Commitment ongoing. Ministry is working in partnership with Tourism British Columbia to develop a multi-year strategic plan for tourism.
Work to extend high-speed broadband Internet access to every community in British Columbia through wireless technology, cable, phone lines and fibre optics.	Commitment ongoing. This is a key element of our innovation, science and technology transfer commitment, and we will continue to work with the private sector, communities, the federal government and the Premier's Technology Council.
Use public assets, like roads, railways and power lines to leverage rapid growth in communications infrastructure and broadband capabilities.	Commitment ongoing. This is a cross-ministry goal in conjunction with Sustainable Resource Management and Transportation ministries.
Push to eliminate interprovincial trade barriers.	Commitment completed. The Ministry has met the government's commitment to bring British Columbia into compliance with the Agreement on Internal Trade (AIT) by March 31, 2002. The Ministry will continue to take a leadership role in seeking the elimination of interprovincial trade barriers, which hamper growth, investment and job creation.

Key priorities as set out in Premier's letter to the Ministers

Take the lead role in ensuring our tax, regulatory and labour environment is consistent with the new economy.	The business subsidy review, deregulation initiative, and fees and licences review are the first steps of this task. All are key priorities for this Ministry and are well underway. Business subsidy and fees and licences review: to be completed in the first quarter of 2002/03.
Consolidate and rationalize scientific activities within the government, working with the Ministry of Advanced Education.	Work underway and will be completed, in collaboration with appropriate ministries.
Review the policy for fees and licences.	Initial review of all ministries nearing completion at fiscal year end and anticipated to be completed within the first quarter of 2002/03. Recommendations from ministries with programs requiring additional review will continue through 2002/03.
Support the Premier's Technology Council.	Ministry is supporting Premier's Office in this initiative. The Council was established in August 2001 and issued its first quarterly report on November 22, 2001. Its second quarterly report is due on April 2, 2002.

Performance Reporting

The Ministry of Competition, Science and Enterprise has three main goals: establishing a competitive investment climate; promoting economic growth; and encouraging innovation, science and technology transfer.

The Ministry made progress on a number of performance targets identified in the 2002/03 - 2004/05 Service Plan during the 2001/02 fiscal year. In 2001/02 the Ministry:

— Made significant progress on its task of eliminating business subsidies. Final subsidies will be completely eliminated in July 2002;

— Established policies, standards and benchmarks for achieving the government's regulatory reduction target in three years;

— Achieved full and complete compliance with the Agreement on Internal Trade;

— Worked with the Premier's Office to establish the Premier's Technology Council, and provided support for the Council's quarterly reports; and

— Reviewed the policy for fees and licences.

A number of the performance measures established in the 2001/02 - 2003/04 performance plans of the Ministries of Employment and Investment, and Small Business, Tourism and Culture of the former government are not included in this Annual Report.

With the government restructuring of June 5, 2001 a number of responsibilities of the former ministries were transferred to other ministries or agencies of government. For example, responsibility for energy development was transferred to the Ministry of Energy and Mines.

Through the Core Services Review a number of other responsibilities were no longer deemed to be central to the goals of the Ministry and were eliminated. In addition, several Ministry programs were eliminated as a result of the governmentwide business subsidy review. For example, the Job Protection Commission function, loan guarantees and fiscal agency loans under the *Financial Administration Act*, the Small Business Incentive Program, First Job in Science and Technology Program, Technology BC Program and Technology Assistance Program were eliminated.

Objective	Performance measure	Target 2001/02	Actual/Comments
Removing Barriers to Business	Reduction of regulatory burden by one-third using Cabinet approved measurement process.	• Establish baseline regulatory requirement count.	• Completed. Baseline regulatory count of 404,000 established.
		• Work with ministries to establish three year deregulation plans.	• Completed. Three year deregulation plans established for each ministry.
		• Establish Regulatory Reform Policy.	• Completed. Regulatory Reform Policy approved by Cabinet on March 6, 2002.
	Eliminate subsidies to business.	• Establish policy framework for elimination of business subsidies.	• Completed. Policy framework for elimination of business subsidies approved at Open Cabinet on August 15, 2001.
		• Review government programs against business subsidy principles.	• Commitment almost completed. Twenty-two programs constituting business subsidies eliminated at Open Cabinet on January 16, 2002.
	Review all fees and licences and set goals.	• Complete review of all existing fees and licences.	• Commitment almost completed. Nine hundred and ninety-three fees and licences reviewed as of March 31, 2002.
		• Establish policy for review of new fees and licences.	• Policy will be established in first quarter of 2002/03.
	Achieve full compliance with interprovincial Agreement on Internal Trade.	• Fully comply with AIT.	• Completed as of March 31, 2002.
		• Consult with private sector to drive further removals of trade barriers.	• Consultations underway.

Objective	Performance measure	Target 2001/02	Actual/Comments
	Implement federal-provincial infrastructure and partnership agreements.	• Allocate fiscal year funding to provincial, federal and municipal priorities.	• 15 'green' projects totaling nearly $37 million announced on December 17, 2001 under the Canada/British Columbia Infrastructure Program. • Five projects totaling more than $1.28 million announced under the Western Economic Partnership Agreement by March 31, 2002. • Consultations with federal and municipal partners on further infrastructure announcements underway.
Economic Policy and Strategic Advice	Competitive key indicators in taxation, regulatory and labour policies.	• Establish key competitiveness indicators and targets.	• Ongoing. Examination of venture capital and biotechnology indicators.
	Develop economic strategies.	• Establish Northwest Economic Strategy to increase economic growth in region.	• Ongoing. Working with partners at federal, local and regional levels to develop strategy.

Objective	Performance measure	Target 2001/02	Actual/Comments
Marketing and Investment	International awareness of British Columbia as a competitive investment location	• Lead/assist in development and support for outgoing trade missions	• Missions in the resource (forestry), high-technology, energy, aerospace and environmental sectors were taken to the United States, China, India and Europe.
		• Market British Columbia as a call centre location.	• Three new call centres located in British Columbia.
	Introduce competition and choice for investors in labour sponsored venture capital programs.	• Introduce necessary legislative amendments to provide for competition in labour sponsored venture capital program.	• Legislation drafted. • Awaiting introduction in the Legislature. Expected in May 2002.
	Ongoing work and support for the Vancouver Convention and Exhibition Centre expansion.	• Work with the B.C. Pavilion Corp. and industry representatives on business plan for industry sponsored expansion option.	• Industry business plan is in place, request for expressions of interest for public-private partnership proposals underway. • Further assessment and negotiations to be concluded in 2002/03.
	Partner with industry to significantly increase the size of the film industry in British Columbia.	• Maintain and increase share of production in Canada.	• Film and television production in British Columbia reached $1.1 billion in 2001 — the second-highest total recorded in the province.
	Work with other ministries to develop policies conducive to the development of tourism infrastructure and increase number of visitors.	• Increase number of visitors.	• International travel to British Columbia was slightly up in the first quarter of 2002 with a 1.2 per cent increase over the same period last year to total 844,219 overnight customs entries.

Objective	Performance measure	Target 2001/02	Actual/Comments
Encouraging innovation and the development and transfer of new knowledge	Number of patents, licences and spinoff companies.	• Set up policy framework to collect, analyse and present information on an ongoing basis.	• Work ongoing.
	Implementation of the Premier's Technology Council plan for bridging the digital divide.	• Establish responsibility and implementation matrix for Council recommendations.	• Work ongoing.
Timely and relevant resource management services in support of Ministry mandate and consistent with governmentwide standards	Efficient human resource management consistent with best practices.	• Provide services to enable Ministry to organize to reflect its new mandate.	• Services provided • Organization approved.
	Begin developing evaluation methods, timing and requirements.	• Establish performance goals and measures for specific employees.	• Work ongoing.
Workforce Adjustment — efficient and fair management of our staff	Implement workforce adjustment program.	• Ensure government restructuring on January 17, 2002 is handled professionally and treats all affected employees fairly and with respect.	• Announcement and adjustments completed. • Work ongoing.

Report on Resources

	Estimated[1]	Other Authorizations[2]	Total	Actual	Variance
Operating Expenses ($000)					
Minister's Office	524		524	486	38
Corporate Services	15,526	591[2]	16,117	12,230	3,887
Economic Policy	6,638		6,638	6,216	422
BC Trade and Investment Office	13,414		13,414	11,713	1,701
Science, Technology and Telecommunications Policy	21,215		21,215	18,754	2,461
BC Film Commission	1,415		1,415	1,310	105
BC Pavilion Corporation	6,000		6,000	5,940	60
Reserves for Doubtful Accounts and Concessionary Loans	2,754		2,754	11,428	(8,674)
Total — Ministry Operations	67,486	591	68,077	68,077	0
Special Accounts					
NRCF	10	40,038[2]	40,048	40,048	0
Northern Development Fund	2,500	1,011[2]	3,511	3,511	0
Science and Technology Fund	18,361	15,184	33,545	33,545	0
Small Business Incentive Fund		14,267	14,267	14,267	0
Transfer from Vote to Special Account	(16,361)		(16,361)	(16,361)	0
Other					
Pacific National Exhibition		3,000[2]	3,000	3,000	0
Four Corners Bank — write down		1,007[2]	1,007	1,007	0
Inter-account transfers		(71,742)	(71,742)	(71,742)	0
Total	**71,996**	**3,356**	**75,352**	**75,352**	**0**
Full-time Equivalents (FTEs)					
Total	**305**		**305**	**253**	**52**
Ministry Capital Expenses ($000)					
Information Systems	1,251		1,251	999	252
Other	52		52	29	23
Total	**1,303**	**0**	**1,303**	**1,028**	**275**

[1] Contingencies

[2] Statutory Appropriation

The over-expenditure from the Northern Development Fund is a correction of amounts relating to the prior year.

Natural Resouce Community Fund (NRCF), Science and Technology Fund and Small Business Incentive Fund were eliminated at the close of 2001/02, bringing total Operating Expenses variance to zero.

Annual Report Appendices

Crown Corporations, Agencies, Boards and Commissions

1. B.C. Community Financial Services Corporation
2. B.C. Pavilion Corporation
3. British Columbia Enterprise Corporation (not active)
4. British Columbia Job Protection Commission
5. British Columbia Securities Commission
6. British Columbia Trade Development Corporation (not active)
7. Motor Dealer Customer Compensation Fund Board
8. Nechako-Kitimat Development Fund Society
9. Northern Development Commission
10. Pacific National Exhibition
11. Premier's Technology Council
12. Science Council of British Columbia
13. Tourism British Columbia
14. Vancouver Trade and Convention Centre Authority

Legislation

1. *BC-Alcan Northern Development Fund Act*
2. *British Columbia Enterprise Corporation Act*
3. *Build BC Act*, other than Part 4, in relation to the BC Transportation Financing Authority
4. *Builders Lien Act*
5. *Business Paper Reduction Act*
6. *Community Financial Services Act*
7. *Employee Investment Act*
8. *Hotel Guest Registration Act*
9. *Hotel Keepers Act*
10. *Industrial Development Incentive Act*
11. *Job Protection Act*
12. *Liquor Distribution Act*
13. *Ministry of Industry and Small Business Development Act*
14. *Ministry of International Business and Immigration Act*, except immigration provisions
15. *Ministry of International Trade, Science and Investment Act*
16. *Motor Dealer Act*
17. *Natural Resource Community Fund Act*
18. *Northern Development Act*
19. *PNE Act*
20. *Regulatory Impact Statement Act*
21. *Science and Technology Fund Act*
22. *Science Council Act*
23. *Securities Act*
24. *Securities (Forged Transfer) Act*
25. *Small Business Development Act*
26. *Small Business Venture Capital Act*
27. *Special Enterprise Zone and Tax Relief Act*
28. *Telephone (Rural) Act*
29. *Tourism Act*
30. *Tourism British Columbia Act*
31. *Trade and Convention Centre Act*
32. *Trade Development Corporation Act*
33. *Travel Regulation Act*